UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

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In Re:	Honorable ______________
BARNSBORO INN, LLC,	Case No.: 11-12285
Debtor.	Chapter: 11
	Hearing Date:

INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL

The relief set forth on the following pages, numbered two (2) through seven (7) is hereby **ORDERED**.

This matter having come before the Court upon the Motion of Barnsboro Inn, LLC, the debtor and debtor-in-possession ("Debtor"), by its attorneys, Flaster/Greenberg P.C., appearing on the Debtor's behalf, for authority to use cash collateral on an interim basis pursuant to Bankruptcy Rule 4001(b) and 11 U.S.C. § 363(c)(2)(B) (the "Motion"), and the notice of the Motion together with notice of the preliminary hearing thereon having been given and served by Debtor upon all necessary parties, and the Court having considered the Motion, and after due deliberation, and good and sufficient cause appearing for the entry of the within Order, it is hereby found:

1. Notice and Hearing. Notice of the Motion and order shortening time pursuant to D.N.J. LBR 9013 and Fed. R. Bankr. P. 9006(b) for the preliminary hearing on Debtor's use of cash collateral has been served in accordance with 11 U.S.C. § 102(l) and Fed. R. Bankr. P. 4001(b), which notice is appropriate in the particular circumstances and is sufficient for all purposes under the Bankruptcy Code and the applicable Bankruptcy Rules with respect to the relief requested.

2. Chapter 11 Filed. Debtor filed its petition under Chapter 11 of the Bankruptcy Code on January 28, 2011 (the "Petition Date") and is presently operating as a debtor-in-possession in accordance with 11 U.S.C. §§ 1107(a) and 1108.

3. Pre-Petition Debt. Sovereign Bank ("Sovereign") has, and Debtor has acknowledged and agreed that Sovereign has, as of the Petition Date, a valid, perfected and secured lien and security interest in all inventory, chattel paper, accounts, equipment and general intangibles and all proceeds thereof (the "Collateral") securing Sovereign's indebtedness in the

original principle amount of approximately $874,830 including accrued interest, fees and costs, which indebtedness is not subject to defense, offset or counterclaim of any kind or nature and that said debt is an allowed, fully secured claim in an amount to be subsequently determined by Order of this Court under Sections 506(a) and 502 of the Bankruptcy Code. Said determination shall be binding on the Debtor-in-Possession, but shall not bind any Creditor's Committee, United States Trustee, or successor-in-interest to the Debtor-in-Possession, who shall have sixty (60) days after appointment to contest the scope, validity, perfection and/or amount of Sovereign's claim.

4. Cash Collateral. "Cash Collateral" is defined by 11 U.S.C. § 363(a) and includes cash, negotiable instruments, deposit accounts and or other cash equivalents, as more particularly defined in said subsection of the Bankruptcy Code, as well as post-petition accounts and "proceeds", as that term is described in UCC Section 9-306.

5. Necessity and Best Interest. Debtor does not have sufficient unencumbered cash or other assets with which to continue to operate in Chapter 11. Debtor requires immediate authority to use cash collateral as defined herein in order to continue its business operations without interruption and to facilitate formulating an effective plan of reorganization. Debtor's use of cash collateral to the extent and on the terms and conditions set forth herein is necessary to avoid immediate and irreparable harm to the estate pending a final hearing on use of cash collateral. The amount of cash collateral authorized to be used pending a final hearing or entry of a final order is not to exceed the amounts set forth in the Debtor's Budget annexed to the Motion through the date of the final hearing scheduled herein, with a twenty percent (20%) cushion allowed to Debtor over and above such budgeted amounts.

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6. Purposes. Debtor is authorized to use cash collateral to meet its ordinary cash needs (and for such other purposes as may be approved in writing by Sovereign) for the payment of Debtor's actual expenses necessary to (a) maintain and preserve its assets, and (b) continue operation of its business, including payroll and payroll taxes, insurance expenses and monthly payments to Sovereign as required under the promissory note and as reflected in the Cash Collateral Budget.

The Court having determined there is a reasonable likelihood that Debtor will prevail upon the merits at the final hearing of the Motion as required by 11 U.S.C. § 363(c)(3), and for good cause shown,

IT IS **ORDERED AND ADJUDGED** as follows:

1. Use of Cash Collateral. Debtor is authorized to use cash collateral pursuant to its Budget, nunc pro tunc to the Petition Date, with a 20% cushion allowed to the Debtor over and above said amount, through ___________, 2011 for the following purposes (to the extent applicable):

a. to maintain and preserve its assets;

b. to continue operation of its business, including but not limited to payroll, payroll taxes, employee expenses, insurance costs and any required monthly payments to Sovereign; and

c. to purchase replacement materials, etc. as required to operate;

2. Adequate Protection. As adequate protection for use of the cash collateral, Sovereign is GRANTED:

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a. Replacement Lien. A replacement perfected security interest under 11 U.S.C. § 361(2) to the extent that Sovereign's cash collateral lien is validated pursuant to further proceedings and is used by Debtor, to the extent and with the same priority in Debtor's post-petition collateral, and proceeds thereof, that Sovereign held in Debtor's pre-petition collateral, subject to payments due under 28 U.S.C. § 1930(a)(6).

b. Statutory Rights Under Section 507(b). To the extent the adequate protection provided for hereby proves insufficient to protect Sovereign's interest in and to the cash collateral, Sovereign shall have a superpriority administrative expense claim, pursuant to 11 U.S.C. § 507(b), senior to any and all claims against the Debtor under 11 U.S.C. § 507(a), whether in this proceeding or in any superseding proceeding, subject to payments due under 28 U.S. C. Section 1930(a)(6). Excluded from this super-priority administrative claim are any causes of action arising under Chapter 5 of the Bankruptcy Code.

c. Periodic Accounting. Commencing fifteen (15) days after the entry of this Order, at the request of Sovereign, Debtor shall provide monthly periodic accountings to Sovereign setting forth the cash receipts and disbursements made by Debtor under this Order. In addition, Debtor shall provide Sovereign all other reports required by the pre-petition loan documents and any other reports reasonably required by Sovereign, as well as copies of Debtor's monthly United States Trustee Operating Reports. Upon appointment of a Creditor's Committee, Debtor shall submit a copy of the monthly U.S. Trustee operating reports to counsel to said Committee if counsel has been appointed, and until counsel is retained, to the Chairman of said Committee.

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d. Default Hearing. In the event Debtor defaults or violates this Order, Sovereign is entitled to request a hearing within ten (10) days (or if immediate and irreparable injury, loss or damage may occur, an emergency hearing within 48 hours).

3. Sovereign's Rights of Inspection and Audit. Upon reasonable notice by Sovereign, Debtor shall permit Sovereign and any of its agents reasonable and free access to Debtor's records and place of business during normal business hours (provided such access does not interfere with the Debtor's ability to conduct its business) to verify the existence, condition and location of collateral in which the Lender holds a security interest and to audit Debtor's cash receipts and disbursements.

4. Interlocutory Order and No Modification of Creditor's Adequate Protection. This is an interlocutory order. Nothing contained herein shall be deemed or construed to (a) limit Sovereign to the relief granted herein; (b) bar Sovereign from seeking other and further relief (including without limitation relief from the terms of this Order) for cause shown on appropriate notice to Debtor and other parties-in-interest entitled to notice of same; or (c) require Sovereign to make any further loans or advances to Debtor. This Order may be modified for cause shown by Debtor, Sovereign or any other party-in-interest on due notice. No such modification, however, shall deprive Sovereign of its interest in Debtor's property (pre-petition and post-petition).

FINAL HEARING ORDER

5. Any creditor or other interested party having any objection to this Interim Order shall file with the Clerk of this Court and serve upon Debtor's counsel on or before the _____ day of _______________, 2011 a written objection, and shall appear to prosecute said objection

at a Final Hearing to be held at ________ __.m. on the ______ day of ___________________, 2010 in Courtroom of the United States Bankruptcy Court, Camden, New Jersey. In the event no objections are filed or are not advanced at such hearing, then this Order shall continue in full force and effect and shall be deemed a Final Order without further notice or hearing in accordance with Fed. R. Bankr. P. 4001(d)(3).

NOTICE OF ORDER

6. Debtor shall serve a copy of this Order and Notice by first class mail within one (1) business day from the date hereof, on (1) the United States Trustee, (2) the District Director of the Internal Revenue Service, (3) the New Jersey Division of Taxation, (4) Sovereign Bank (5) all other known secured creditors, and (6) counsel to any committee appointed under 11 U.S.C. § 1102, if one has been appointed and if not, to Debtor's twenty (20) largest Rule 1007(d) unsecured creditors. Debtor shall promptly file with the Clerk a Certificate of Service of said mailing.

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